Facts About the Social Security Surplus

- Social Security is not a savings plan. The taxes each worker pays into the system are not set aside to pay that specific worker's benefits.

- Social Security is a pay-as-you-go program: payroll taxes are collected from workers and immediately used to pay benefits. In other words, worker taxes flow into government coffers and are immediately reissued as Social Security benefit checks.

- By law, Social Security must invest funds that are not needed to pay benefits in interest-bearing Treasury securities (IOUs) from the general fund of the Treasury. The general fund then uses the Social Security surplus to reduce public debt or fund other government activities.

- These IOU obligations are backed by the full faith and credit of the U.S. government and will be honored, and benefits will be paid.

Alan Greenspan, Federal Reserve Chairman

"*Officials agree that whatever Social Security money is borrowed for current spending will be credited to the Social Security fund as another IOU.*"
Source: MSNBC, August 27, 2001

Dan Crippen, Congressional Budget Office Director

"*[If you take trust fund money, once it's been credited to the trust fund, and use it for some other purpose, it] doesn't make any difference to the programs or to the benefits or to the trust fund.*"
Source: Senate Budget Committee Hearing, September 4, 2001

Marty Corry, AARP Director of Federal Affairs

"*[How we spend the Social Security surplus after crediting it to the trust funds] doesn't affect the trust funds one way or the other. They still get the full credit that they are due; benefits are paid exactly as they're supposed to.*"
Source: *National Journal*. September 5, 2001